

Message Text

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71

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 AID-20 IO-14 RSC-01

COME-00 TRSE-00 SWF-02 CIAE-00 DODE-00 INR-10 NSAE-00

PA-04 USIA-15 PRS-01 SPC-03 TAR-02 L-03 LAB-06 SIL-01

OMB-01 FEA-02 SCI-06 STR-08 DRC-01 /148 W

----- 027467

R 182232Z MAR 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 1812

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AVEMBASSY QUITO 1331

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGLPA

AMCONSUL GUAYAQUIL

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E.O. 11652: NA

TAGS: ETRD, CO

SUBJ: BANANA EXPORTERS COOPERATION

REF: PANAMA 1464

1. UNITED BRANDS REP IN BOGOTA SAYS THAT COLOMBIA ALONG WITH ECUADOR ONLY REQUIRED TO RAISE BANANA EXPORT PRICE BY 40 CENTS PER BOX WHILE CENTRAL AMERICANS WILL IMPOSE TAX OF \$1.00 PER BOX. UNLIKE CENTRAL AMERICA, NEITHER ECUADOR NOR COLOMBIA FACE INCREASED IMPORT COSTS FOR OIL. HE SAYS GOC WOULD NEED ACT OF CONGRESS TO IMPOSE EXPORT TAX, SO FOREIGN TRADE INSTITUTE WILL PROBABLY MERELY REQUIRE THAT ADDITIONAL 40 CENTS PER BOX IN FOREIGN EXCHANGE BE BROUGHT INTO COUNTRY WITH PRODUCERS

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RATHER THAN CLOMBIAN TREASURY REAPING BENEFITS. ACCORDING

TO HIM, MINISTER OF AGRICULTURE CONSIDERING RAISING
EXPORT PRICE ONLY 20 CENTS FOR NATIONAL EXPORTERS, OF
WHICH THERE ARE TWO, AND 40 CENTS FOR FOREIGN EXPORTERS,
NAMELY UNITED WITH STANDARD PLANNING TO BEGIN SOON.

2 PRESS REPORTS THAT MINAG VALLEJO PRONOUNCED HIMSELF
AMPLEY SATISFIED WITH PANAMA MEETING RESULTS. HE
REPORTEDLY SAID PRICE INCREASES WILL TAKE EFFECT APRIL 15
AND MENTIONED POSSIBILITY THAT INCREASE COULD BE GREATER
FOR FOREIGN THAN DOMESTIC COMPANIES.

3. UNITED REP REPORTS UNION OF BANANA EXPORTING COUNTRIES
WILL BE ORGANIZED IN PANAMA MARCH 20-21, AND GOC SENDING
EXPERT ON INTERNATIONAL COFFEE ORGANIZATION AS ONE OF ITS
DELEGATES. SCENARIO THEN CALLS FOR MEETING OF MINISTERS
OF AGRICULTURE IN BOGOTA MARCH 28-29 TO RATIFY STRUCTURE
SET UP IN PANAMA.

4. COMMENT: OUR IMPRESSION IS THAT COLOMBIA WILL
PARTICIPATE IN SCHEME TO RAISE BANANA PRICES IN NAME OF
LATAM SOLIDARITY, BUT DETAILS STILL UNSETTLED. UNITED REP
ASSERTS THAT LARGER PRICE INCREASE FOR FOREIGN EXPORTER
WOULD CAUSE PRODUCERS TO SHIFT AWAY FROM DOMESTIC
EXPORTERS, WHICH CAN HARDLY BE GOC'S PURPOSE. (THIS
ASSUMES DIFFERENTIAL WOULD BE PASSED ON TO FOREIGN BUYERS
IN FORM OF TWO EXPORT PRICES, WHICH SEEMS UNLIKELY.) THOUGH
BANANA PRICES HAVE NOT RISEN FOR MANY YEARS, PRICE INCREASE
NOW COULD FORCE PRODUCTION DECREASE. ON OTHER HAND, LOWER
PRICE INCREASE FOR COLOMBIA, WHICH SHIPS BANANAS
FROM CARIBBEAN PORTS AND THUS DOES NOT FACE TRANSPORT
COSTS THAT ECUADOR DOES, COULD GIVE IT CONSIDERABLE
COMPETITIVE ADVANTAGES OVER OTHER POTENTIAL MEMBERS OF
EXPORTING GROUP.
VAKY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FRUIT, BANANAS, EXPORT PRICES, TRADE AGREEMENTS, MEETINGS, EXPORTERS, PRICE TRENDS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BOGOTA02319
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740059-0352
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740336/aaaabhvg.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: PANAMA 1464
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2002 by boyleja>; APPROVED <10-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BANANA EXPORTERS COOPERATION
TAGS: ETRD, CO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005